Harris Housing Advisors LLC

Tax Act Summary



6 Key Changes Under the Tax Reform Plan

1. Standard Deduction Increases

No matter your filing status, the standard deduction increases in 2018.

- Single and Married Filing Separately: \$12,000
- Married Filing Jointly: \$24,000
- Head of Household: \$18,000

2. Personal Exemption Eliminated

Under the tax reform, taxpayers can no longer claim the \$4,050 personal exemption for each of their dependents.

3. Child Tax Credit Rises

The Child Tax Credit increases in value from \$1,000 to \$2,000. The tax reform bill also introduces a new \$500 credit for non-child dependents.

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4. State and Local Tax Deductions Capped

Taxpayers can deduct up to \$10,000 in state and local income taxes. Previously there was no cap.

5. Affordable Care Act Individual Mandate Repealed

Beginning in 2019, individuals who choose to go without healthcare coverage for the year will not have to pay tax penalties.

6. Mortgage Interest Deduction Decreases

Individuals who purchase a home in 2018 can only deduct interest up to \$750,000 in mortgage debt (previously \$1 million). The interest deduction on home-equity loans is eliminated.

Form 1040 (2017)		Page 2
	38	Amount from line 37 (adjusted gross income)	38 70,000
Tax and	39a	Check	GHER
Credits		if: Spouse was born before January 2, 1953, ☐ Blind. checked ▶ 39a ☐	D NOW HIS INF
Credits	b	If your spouse itemizes on a separate return or you were a dual-status alien, check here	DARUTTOMEBUTE
Standard	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	MOST 110.1
Deduction for –	41	Subtract line 40 from line 38	410NS 57,300
People who	42	Exemptions. If line 38 is \$156,900 or less, multiply \$4,050 by the number on line 6d. Otherwise, see instruction	12,150
check any box on line	43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0	43 45,150
39a or 39b or	44	Tax (see instructions). Check if any from: a Form(s) 8814 b Form 4972 c	44 5,844
who can be claimed as a	45	Alternative minimum tax (see instructions). Attach Form 6251	45
dependent, see	46	Excess advance premium tax credit repayment. Attach Form 8962	46
instructions.	47	Add lines 44, 45, and 46	47 5,844
All others:	48	Foreign tax credit. Attach Form 1116 if required 48	
Single or Married filing	49	Credit for child and dependent care expenses. Attach Form 2441	1
separately, \$6,350	50	Education credits from Form 8863, line 19	1
Married filing	51	Retirement savings contributions credit. Attach Form 8880 51	WORKS .
jointly or	52	Child tax credit. Attach Schedule 8812, if required 52 1.000	CTILL WOLLIAW
Qualifying widow(er),	53	Residential energy credits. Attach Form 5695 53	C STILL WORKS ITH NEW TAX LAW 55 3,000
\$12,700	54	Other credits from Form: a 3800 b 8801 c 3396 54 2,000	ITH NEV
Head of household,	55	Add lines 48 through 54. These are your total credits	55 3 000
\$9,350	56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	56 2,844
	57	Self-employment tax. Attach Schedule SE	57
011	58	Unreported social security and Medicare tax from Form: a 4137 b 8919	58
Other	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59
Taxes	60a		60a
	b	• •	60b
		First-time homebuyer credit repayment. Attach Form 5405 if required	61
	61	Health care: individual responsibility (see instructions) Full-year coverage	
	62	Taxes from: a Form 8959 b Form 8960 c Instructions; enter code(s)	62
D	63	Add lines 56 through 62. This is your total tax	63 2,844
Payments	64	Federal income tax withheld from Forms W-2 and 1099 64 4,844 2017 estimated tax payments and amount applied from 2016 return 65	-
If you have a	65		-
qualifying	66a	Earned income credit (EIC)	
child, attach Schedule EIC.	b	Nontaxable combat pay election 66b	-
Scriedule ElC.	67	Additional child tax credit. Attach Schedule 8812	-
	68	American opportunity credit from Form 8863, line 8 68	-
	69	Net premium tax credit. Attach Form 8962	-
	70	Amount paid with request for extension to file	-
	71 72	Excess social security and tier 1 RRTA tax withheld	-
			-
	73	Credits from Form: a 2439 b Reserved c 8885 d 573	74
Refund	74	,	74 4,844
Refulia	75	If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid	75 2,000
Б	76a ▶ b	Amount of line 75 you want refunded to you. If Form 8888 is attached, check here . Routing number .	7 REFUND 2,000
Direct deposit? See	► b ► d	Routing number X X X X X X X X X X X X D►cType: ☐ Checking ☐ Savings Account number X X X X X X X X X X X X X X X X X X X	
instructions.			
Amount	77 78	Amount of line 75 you want applied to your 2018 estimated tax ▶ 77 Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions ▶	78
You Owe	79	Estimated tax penalty (see instructions)	18
			Complete below. No
Third Party		signee's Phone Person to discuss this retain with the mo (see instructions):	
Designee	nar	me ► no. ► number (PIN)	
Sign		enalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowle sly list all amounts and sources of income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all infor	
Here		ay nst all amounts and sources of income freceived during the tax year, beclaration of prepare (other trial taxpayer) is based on all findi- ur signature Date Your occupation	Daytime phone number
Joint return? See	N IO		
instructions.	Sn	ouse's signature. If a joint return, both must sign. Date Spouse's occupation	555-555-5555 If the IRS sent you an Identity Protection
Keep a copy for your records.	- Sp		PIN, enter it
•	Dri	nt/Type preparer's name Preparer's signature Date	here (see inst.) PTIN
Paid	- rill	Preparet s signature Date	Check L if
Preparer	<u> </u>	, actic population	self-employed
Use Only		n's name ► SELF-PREPARED	Firm's EIN ►
	Firr	n's address ►	Phone no.

Harris County HFC 2018 MCC Program MCC Tax Savings Examples

	Example 1				
Borrower	Single no children				en
Single/Married					1
Children/ Dependents					0
Adjusted Gross Income				\$	55,000
Exemption				\$	-
Standard Deduction				\$	12,000
Taxable income				\$	43,000
tax	base tax	\$	38,700	\$	4,453
	22%	\$	4,300	\$	946
Tax calculated				\$	5,399
MCC				\$	2,000
Tax Liability				\$	3,399
	MCC Savings \$2,000				

Example 2				
	Married 1	child		
			2	
			1	
		\$	70,000	
		\$	-	
		\$	24,000	
		\$	46,000	
	\$19,050	\$	1,905	
12%	\$26,950	\$	3,234	
		\$	5,139	
MCC		\$	2,000	
child tax	credit	\$	2,000	
		\$	1,139	

	Ex	ample 3		
	Married 2 children			
				2
				2
			\$	70,000
			\$	-
			\$	24,000
			\$	46,000
	\$	19,050	\$	1,905
12%	\$	26,950	\$	3,234
			\$	5,139
MCC			\$	2,000
child tax	credit		\$	4,000
			\$	(861)

MCC Savings \$2,000

MCC Savings \$2,000

MCC Savings \$2,000 (\$2,800 child credit is refundable.)

MCC Calculation			
loan	\$ 1	140,000	
rate		4%	
interest	\$	5,600	
MCC	\$	2,000	
Deduction	\$	3,600	